



## **THIRD QUARTER EXPENDITURE BY THE DEPARTMENT OF LABOUR**

The information in this factsheet are derived from National Treasury's statements of revenue, expenditure and borrowing that are published in terms of Section 32 of the Public Finance Management Act and Section 30(2) of the Division of Revenue Act No 10 of 2014 as amended. The Section 32 reports illustrates departmental expenditure data in economic classification only.

### **Third Quarter Expenditure**

The Department of Labour has a 2014/15 revised estimate of R2.546 billion which represents a nominal increase of R175 million in relation to the Audited outcome for the 2013/14 financial year, or 6.8 per cent, from 2013/14.

Transfers and Subsidies account for R927.6 million of the available budget and of this amount the Department has so far transferred R890.1 million, or 95.83 per cent, mainly to departmental agencies and accounts. This means the Department has an available budget of R1.6 billion for operations. Of this, the Department has spent R1.01 million, or 68 per cent, the majority of which has been used on compensation of employees and goods and services.

**Table 1: THIRD QUARTER EXPENDITURE PER MONTH**

	Revised Estimate	Oct. Exp.	% Oct. Exp.	Nov. Exp.	% Nov. Exp.	Dec. Exp.	% Dec. Exp.
<b>Current Payments</b>	1 591 086	142 204	8.94%	115 673	7.27%	124 773	7.84%
<b>Transfers and Subsidies</b>	927 587	358 681	38.67%	21 465	2.31%	18 864	2.03%
<b>Payment for Capital Assets</b>	27 619	1 769	6.41%	144	0.52%	458	1.66%
<b>Total</b>	2 546 292	502 654	19.74%	137 282	5.39%	144 095	5.66%

The Department spent R502 654 000, or 19.74 per cent of its budget during the month of October. R359 million was transferred to departmental agencies and accounts. 8.95 per cent of the current budget and 6.41 per cent of the capital budget was spent during October. Total expenditure during November was R137 million or 5.39 per cent and during December total expenditure was R144 million or 5.66 per cent.



**Table 2: TOTAL THIRD QUARTER EXPENDITURE**

	Revised Estimate	3rd Quarter Exp.	% 3rd Quarter Exp.	Exp. To Date	% Exp. To Date
<b>Current Payments</b>	1 591 086	382 650	24.05%	1 069 603	67.22%
<b>Transfers and Subsidies</b>	927 587	399 010	43.02%	890 142	95.96%
<b>Payment for Capital Assets</b>	27 619	2 371	8.58%	26 468	95.83%
<b>Total</b>	2 546 292	784 031	30.79%	1 986 213	78.00%

A total of 44.8 per cent of expenditure to this point was under transfers and subsidies and payments for financial assets, with the remaining 55.2 per cent spent on departmental operations. During the third quarter 43 per cent of the total transfer budget was spent; 24.05 per cent of the total Current Budget and 8.58 per cent of the Payments for Capital Budget. Expenditure at the end of the third quarter are 67.22 per cent of the Current Budget; 95.96 per cent of transfers and subsidies and 95.83 per cent of payments for capital budgets.

### ***Typical content focus areas and questions***

It is suggested that committees should seek to review the following issues when exercising oversight of a Department's Expenditure. This is by no means an exclusive or exhaustive list. Given the generic nature of these questions, it goes without saying that it does not cover function specific issues that committees will need to explore.

### **Organisational concerns and options**

- How effectively does the Department contribute to the delivery of government objectives, as reflected in its mandate?
- Is there a continuing need for the functions being delivered by the Department as a whole, and by each of its programmes? If not, can certain of its programmes be terminated?
- Is there a need for new programmes to be initiated?

### **Evaluating performance**

- To what extent has the Department met its aims, objectives and performance targets and quality standards? What were the reasons for any failures?
- Has the Department performance targets changed over time? Are service delivery targets increasing in line with increases in funding?
- What examples are there of good practice in how the Department has delivered its services?
- What changes have been made in the services provided to "clients"? How can greater client choice be provided in future?



- What are "clients" views on the nature and quality of services and the way in which they have been provided and have these views altered over time?
- How well are the objectives and performance targets linked into the government's overall aims?
- How useful are the performance targets in driving continuous improvement?
- Does the Department have too many performance targets?
- Are any additional/alternative performance measures and targets needed?
- How well do the performance targets measure the delivery of outputs and the achievement of outcomes (where relevant)?
- Are effective information systems in place to measure performance against objectives and targets and how could these be improved?

### **Efficiency savings and productivity gains**

- Does the Department have adequate systems in place to ensure that it can identify clients' requirements and monitor the extent to which they are met?
- Has the Department delivered value for money? Over time, is it delivering its outputs at reduced cost or more outputs for the same cost?
- Has the Department been innovative in managing costs and improving performance? What steps has it taken in this regard? Is there any scope for increased efficiency savings?
- To what extent are staff involved in directly providing services to clients hampered by internal bureaucracy? What has been done to encourage greater flexibility and creativity in delivering services? What can still be done in this regard?
- How effective have the relationships with other entities or spheres of government operating in the same or related areas been? Is there scope for improving these relationships and so ensure more effective service delivery?
- Has the Department managed service delivery risks adequately?

### **Supply chain management**

- Does the Department have systems in place to manage consumables, including inventory levels, sound systems for ordering, receiving and distributing consumables, stores/warehouse management and systems for monitoring vendor performance?
- What measures has the Department put in place to facilitate the reporting of corruption in procurement and other aspects of the supply chain management system?
- Has the Department set targets for preferential procurement
- How has the Department performed against these targets in the period being reviewed?



## **Human resources**

- What has the Department done to fill key vacancies? What more can it do, particularly with regards to filling professional and senior management positions?
- Have any senior managers left the Department, and if so, were reasons provided?
- Was any disciplinary action taken against senior managers not complying with the PFMA or Division of Revenue Act?
- Were any members of staff (whistle-blowers) protected when alerting relevant authorities with any problems of corruption or non-compliance with legislation?
- What progress has the Department made as regards employment equity in the past financial year? What strategies has the Department adopted to promote employment equity?
- What is the status of the Department's skills development programme? Is the programme making a difference to the Department's ability to deliver services?
- How much did the Department pay out in performance bonuses? How much did the accounting officer and other senior managers receive as performance bonuses? Are these rewards in line with the Department's service delivery performance?
- How many senior management posts do consultants as opposed to state employees fill? What strategies does the Department have to reduce its reliance on consultants for routine management functions and service delivery operations?

## **Spending Patterns**

- Is there a risk of overspending or under-spending? What remedial steps will the accounting officer take to prevent or deal with the problem?
- Do the section 40(4)(c) PFMA reports, submitted by the accounting officer on 15 September and 15 October before the adjustments budget, project any over expenditure? If so, what steps were taken by the Department to adjust its budget to deal with such pressures? If monthly reports reflected under-spending, what steps were taken to improve spending capacity?
- What corrective steps have been taken or are being taken to address poor audit outcomes?